

THE LULA MOMENT



Contextualising the struggle for alternatives

The developments in Brazil are of immense interest for progressives here, given that our country (notwithstanding differences in time and space) faces similar conjunctural challenges to those that Brazil tackled with some relative success.

By Chris Matlhako

One of the issues that dominated debates and captured the attention of many (in the plenary hall and outside) at the Cosatu's 11th Congress was the euphorically punted Lula Moment! Much has since been made about and of the 'Our Lula Moment', and different interpretations have subsequently surfaced of what was meant by the phrase. According to the broad thrust of Cosatu's 11th Congress articulation and subsequent CEC elaboration, the gist of the postulation can be summed

up as: Now is the time for radical social transformation – therefore, a Lula Moment of our own! We need something akin to what Lula achieved in Brazil! 'The Lula Moment' refers to former president of Brazil, Luiz Inácio Lula da Silva, the Workers' Party (PT) and the government's efforts to seek to address the fundamental contradictions of the Brazilian reality, of inequality, poverty and under-development.

There is generally broad agreement here and elsewhere that if democratic South Africa (almost 18 years into the

democratic dispensation) does not turn the corner with regard to addressing the triple challenge of poverty, unemployment and inequality (PUI), the country could be heading down a slippery slope into the abyss. This concern has been accentuated recently by the increase in reckless and daring protest actions, including wildcat and unprotected strikes.

The Cosatu's 11th Congress 'Lula Moment' postulation should be welcomed, for it opens an important policy front for engagement and

serious consideration. The 'Lula Moment' has some good points, but also problematic areas that must be further engaged. The problematic, in the main, is that Cosatu's articulation has a qualification: the focus is on the second term of Lula's presidency - only the second period of Brazil's Lula is pertinent! However, therein lies the actual problem! For as we argue here, success in seeking to understand the latter period of the success of Lula's presidency, presupposes some grounding on and of the historic-political and economic dynamic and appreciation of the challenges which confronted and continued to confront Brazil.

The developments in Brazil are of immense interest for progressives here, given that our country (notwithstanding differences in time and space) faces similar conjunctural challenges to those that Brazil tackled with some relative success. Furthermore Brazil occupies a very important place in the world economy.

In eight years, Brazil became the tenth largest economy and is positioned to become the fifth largest economy in the world in the years to come. For the first time, Brazil's economy is growing with income distribution, political stability and democracy – so it is a very important case study for us as well as the progressive world.

The Lula presidency: the polemic

The Lula Moment rhetoric evokes a plethora of questions and spins off various shades of ideological and political interpretations. Since his departure from office (with the highest popularity ratings ever obtained by any Brazilian president) after an eight year mandate, his legacy has solicited varying interpretations as many sought to make sense of what propelled his successes. In the main, the frames of these arguments and interpretations, we argue can be condensed into two broad categories. These are:

- a sympathetic but critical evaluation and critique of the Lula tenure; and
- an anti-Lula and hostile praxis (riven with nostalgia for a pre-Lula era characterised by elite domination and military-backed rule).

The post-Cosatu 11th Congress

debate (in South Africa) regarding the punted Lula Moment follows broadly similar patterns of engagements, though spiced with some typical South African touches, such as:

- ending the Tripartite Alliance and launching a Workers' Party with a trade union base and sections of civil society;
- seeking the full implementation of the Freedom Charter – therefore, a Freedom Charter Moment;
- seeking an interpretation to mean radical transformation in the second phase of transition – meaning a Zuma Moment;
- out-right rejection ; or
- conceding some elements, and exploring other areas for further examination.

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However, others like Leon Schreiber deliberately conflate Cosatu's position to a 'factional excuse for upholding the current status quo within the ANC and government', rather than engaging the trajectory of social transformations. Some analysts seek to categorise it within a narrow Third World construct. But, as Driver and Martell argue, there is not just space for one Third Way but for many, with varying political dimensions and policy positions.

In Brazil, diverse opinions exist with respect to the achievement of Lula during his tenure. Right-wing forces - whose political and economic power hegemony has been disrupted, albeit not broken - have wasted no time in contemptuously referring to Lula's presidency as a myth. They point out that Lula was 'lucky to have been elected president at a point in time when the Brazilian economy could provide growth with some redistribution of income and without reigniting inflation'. In particular, in right-wing circles (academic and journalistic) the Lula phenomenon is presented in a disparaging manner, which under the circumstances of the advances of left and progressive forces in Latin America, falls perfectly into the broad strategy of right-wing and conservative forces' counter-offensive to try to undermine the changes transpiring in Brazil and Latin America generally, though uneven and diverse.

However, there are voices sympathetic to the leftward shift, but simultaneously decrying the fact that Lula's presidency and the current directions are giving too much to the vested interests of the industrial bourgeoisie and other oligarchies in Brazil. They argue that, given the heterogeneous nature (multi-class and broad) of the PT and the different factional interests within the party, the PT in a certain sense has become beholden to the industrial bourgeoisie and international capital. Lula's 'economic pragmatism with a human face', is understood to mean an informal acceptance of most of the neo-liberal doctrine.

'The 1990s', the argument goes, 'was characterised by democratisation and economic liberalisation and the PT strongly contributed towards the former within its own capacity as a political party'. However, economic groups (comprador bourgeoisie) more powerful than it have largely dictated the political discourse within Brazilian politics to enhance and maintain their own interests. Fernando J. Cardin de Carvalho is even more scathing of Lula and the PT, arguing; "Even a nominally left-wing government in a developing country should pursue at least four goals: full employment of labour, economic

growth and wealth redistribution, and the empowerment of dispossessed groups, spreading out citizens' rights. A left-wing administration should not be 'generous'. On the contrary, it advances a redefinition of duties and rights, redistributing power away from those used to rule, towards those in position of subordination".

Much of the scathing anti-Lula critique seeks to undermine the varying kinds of efforts made by the broad left and other progressive governments, who upon assuming state power in the region and elsewhere, seek to undertake economic transformation on a terrain dominated by capitalist forces, who eschew any such moves. Typically, what underlines such a critique is a subtle effort to maintain the rich-poor divide and perpetuate a trajectory which reproduces unsustainable levels of inequality that still characterise Brazil. This is a historic legacy resulting from the slave trade, the marginalisation of Brazil's indigenous peoples and the exploitation of its working peoples, leading to the accrual of the largest percentage of the GDP by a small fraction of powerful elites.

And as Page argues; "If there is one sight that succinctly captures the stark contrast between the Brazil of the haves and the Brazil of the have-nots, it is the view from the roof top of Hotel Nacional in São Conrado, a seaside nook hemmed in on three sides by dramatic hills that isolate it from the rest of Rio de Janeiro... [Y]et if one gazes inland, toward the north and slightly to the east, a different reality intrudes. The shacks of Rocinha, which perhaps as many as three hundred thousand Brazilians call home... Rocinha and São Conrado are two distinct worlds". And as Page reminds, Rocinha, which dates back to 1920, represents the classic Rio hillside favela, unusual only because of its enormity. Rocinha provides one of the most visible symbols of the poor circumstances in which the majority of Brazil's city dwellers now find themselves.

Pointing out these divergences is important in the endeavor to make a comprehensive evaluation and assessment of the Lula tenure, including his first term. Such a construct requires in-depth appreciation of the Brazilian

political-economy, nation and society, rather than a desktop endeavour which will inevitably fall into some predetermined (subjective) category of criteria and assessment and evaluation. Therefore, a proposed Lula Moment for our country, among others, must avoid being purely technicist and/or locked into a single period frame (second tenure of Lula - 2006-10), without taking into account the historical-political and economic realities that have characterised Brazil.

The World Bank, IMF and international financial oligarchy narrative about Brazil goes something like:

- "Brazil benefits from a positive balance-of-payment shock as a result of rising commodity prices and strong capital inflows."
- "Brazil has had a good run in the past ten years. Economic growth has picked up. Poverty has declined. Foreign investment has been abundant seeking to take advantage of the country's resource wealth and consumption-orientated emerging middle class."
- "Following the financial crisis in 2002, Brazil experienced an acceleration in economic growth. Initially, tight monetary and fiscal policies were offset by a massively supportive exchange rate, providing the impetus for export-driven growth. Later, fiscal, and less so, monetary policy turned supportive of more domestic-demand and especially consumption-driven economic growth. Finally, global commodity prices and Brazil's terms of trade began to improve on the back of accelerating global growth and, especially, rapidly growing Chinese demand for primary products, allowing further expansion in terms of final consumption."
- "From a supply-side perspective, the consolidation of economic stability under President Lula (2003-2010) enabled the wide-ranging structural reforms introduced under President Cardoso (1995-2002) to finally come to fruition. By granting the central bank operational autonomy and tightening fiscal policy, the Lula government managed to regain confidence. Brazil's growth

rate almost doubled in the 2000s compared with the 1980s and 1990s."

This analysis is partly correct but misses (or deliberately underplays/undermines) key aspects of the socio-economic and political dynamic of the country which have to be overcome, through a concerted struggle for an alternative system to capitalism. Brazil's future lies in what Lula correctly pointed out '... Brazilian society has decided it is time to blaze a new path'.

However, the OECD Economic Surveys Brazil (2011) report glowingly praises the policy mix proposals undertaken during the period of Lula's presidency and is particularly full of praise for the 'social progress (that) has also been impressive, with marked fall in poverty and inequality'. It also points out that the economy recovered rapidly from the 2008-2009 global crises - thanks to a timely policy response. Infrastructure development is (therefore) one of the main priorities on government's policy agenda. It launched a large infrastructure programme in 2007, followed in 2010 by a second programme. 'The first stage met with positive outcomes', the OECD report points out.

The Left-progressive axis: the New Development Project (NPND) in Brazil

The Partido Comunista do Brazil (PCdoB), an ally of PT in government, argues that the 'New Development Project (NPND - Portuguese acronym) - initiated by Lula, characterised by its opposition to imperialism, neo-liberalism, the latifunda and the financial oligarchy, hand in hand with its support for strengthening national sovereignty, democratisation of society, social progress and solidarity, and integration with the South and Latin America' is the most comprehensive response to the legacy of the past and most effective contribution to overcoming this legacy.

Interestingly, when Brazil launched the second phase of its national Growth Accelerated Programme (PAC 2), Paulo Bernardo, Minister of planning, budget and management, addressing foreign journalists, said; "The second phase of the Growth Acceleration Programme

opens a new range of possibilities for foreign investment in Brazil.”

The better known Lula policy issues are:

- Bolsa Familia - basic food basket;
- Zero Hunger programme;
- Minimum wage (increased by 6%);
- My House, My Life;
- The Brazilian Economic and Social Development Bank (BNDES) – created to solve market failures, emphasised its role in regional decentralisation through heavier investment in less developed regions in Brazil, and also supporting the cultural sector (economy) in movie production and the preservation of Brazil’s historic and artistic heritage;
- Social Fund – inter-generational equity and mitigating the Dutch disease;
- Sovereign Wealth Fund – counter-cyclical instrument;
- Recently launched Brasil sem Miséria; and
- Pronatec – facilitates access of unemployed and beneficiaries of Bolsa Familia to technical schools.

These are undertaken in the context of the sea of change occurring in Latin America.

The Lula presidency and its implications

But what makes the Lula Moment and presidency in South America’s largest nation so critical? What key socio-economic and political shifts were implemented by Lula, the PT and its broad political, social and progressive left alliances, since the tumultuous events that ushered in the first real progressive worker leader into the presidency of Brazil in the early 1990s?

Luiz Inácio 'Lula' da Silva was inaugurated president of Brazil with the pronouncement that "change ... is the dramatic message from Brazilian society... hope has finally conquered fear and Brazilian society has decided it is time to blaze a new path". President Lula has since become an important praxis for progressive left shifts occurring in Latin America and thus critical for those seeking to pursue a radical trajectory for social transformation.

Lula da Silva’s victory in his fourth

bid for president of Brazil, in 2002, is generally accepted to have heralded a turning point in the history of the country. It marks, as Joseph Page points out, the “most recent chapter in the saga of the Brazilian working class, composed of men and women who have provided the muscle behind the country’s industrial expansion, faced repression when they first tried to make their voices heard in matters that affected their lives, and finally, have organized themselves into a force potentially capable of uniting the nation’s impoverished majority”.

The history of Brazil is punctuated with political, economic and social crises of huge magnitude, which have left deep scars in the national psyche

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and in some respects thwarted the emergence of the Brazilian nation - the legacy of slavery, racism, marginalisation and inequality contaminated every aspect of the Brazilian reality. Brazilian capitalist development was marked by tardiness, inequality and imperialist domination. The key element in the funding of the economy was through state-owned capital, with participation of domestic and foreign capital. In the 1940s and the second Vargas government serious endeavours to create state enterprises were undertaken, with the subsequent creation of several parastatals, including Petrobras – which

was established as result of a civic campaign O Petróleo é Nosso (The Oil is Ours) - and the National Bank for Economic Development (BNDES).

The 1981-2002 period is generally described as years characterised by deep economic decline – the two lost decades! However, this period witnessed efforts towards broad mobilisation and massive demonstrations for democratisation and for civil liberties, amnesty, the Constituent Assembly and direct elections. It is also during this period that the industrial bourgeoisie lost momentum and were no longer capable of leading a national development project.

The Collor regime, but particularly Fernando Henrique Cardoso, dabbled with the neo-liberal ideology against massive protests and mobilisation. They started the serious dismantling of the involvement of the Brazilian State in the economy, wanton privatisation and corruption of public assets and the financialisation of the economy, coupled with general stagnation and social degeneration.

Than in 2002, a bearded ex-metalworker, Luis Inácio Lula da Silva became president of Brazil in the country’s first direct presidential elections in three decades. This sent a chill into the nerve endings of the elite, which had never before had to confront the possibility of ceding power to an authentic representative of the country’s have-nots. PT, like Lula, represented the interests of a particular segment of society, the workers, the poor and the marginalised and stood for principles and programmes that promoted those interests. It was unabashedly socialist but rejected foreign models of socialism. Indeed, PT was not the first organisation to appeal to the working class in Brazil, but it broke new grounds by presenting itself as an organ founded by workers rather than politicians purporting to speak for workers – as previous regimes also patronised unions.

With Lula’s victory the nation’s decadence began to be reversed and neoliberalism on the continent was successfully challenged and engaged. Lula’s victory was also important in the context of democratisation in

Brazil. Democratic elections were set aside and suspended for much of the nation's history, as dictatorships, military-rule and inspired coups intermittently punctuated its history. During this repressive period the paternalistic 'Estado Novo' (New State) policy measures were implemented by President Vargas, including cultivating bureaucratic trade unions and making them more dependent than ever on the government. The 'Estado Novo' opposed communist penetration of the trade union movement, leading to anti-communist repression campaigns in all spheres of Brazilian society.

Even during the period of the socialised 'Brazil miracle' of 1970s, the great majority of workers saw their purchasing power decrease, even though it was a period of significant wealth redistribution in Brazil. Importantly, employers put tremendous pressure on workers to increase productivity, which in turn caused the incidence of industrial accidents to skyrocket. The unions lacked the legal authority to do anything to improve the plight of their members, the censored press could neither speak out nor inform, and the political process had been numbed.

US imperialism intervened in the internal affairs of the country, and supported wave after wave of dictatorial authoritarianism and military coups.

Indeed it was only after 1985 after massive demonstrations for democratic liberties, amnesty, realisation of the Constituent Assembly and direct elections, that Brazil was able to pull itself from the abyss. However, the period from 1990 until the victory of Lula and PT was also characterised by semi-stagnation in the economy and runaway inflation. In the political realm democracy was stained and under serious attack.

It is in this context that Lula's victory meant so much for many sectors of Brazilian society and in particular for the marginalised and poor. It ushered a new political cycle in Brazil, 'with the rise to the centre of power of democratic and progressive forces', asserts the Partido Comunista do Brasil (PCdoB). It is in this period that the progressive forces and the poor were able to

notch up important victories against amongst others a dominant neoliberal paradigm not only in Brazil but the Latin American continent. Lula and PT were confronted with the duality that entailed constraints and compromise in defining and implementing that transition towards a new national development project - one that could challenge the fundamental contradictions of the Brazilian reality.

There is however, general agreement that Lula's government had overcome the crises inherited, attempted to rid the country of the neo-colonial project of the Free Trade Agreement of the Americas (FTAA) and put an end to the continued dominance and control of the IMF. They unleashed a process

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that would direct Brazil unto a road to development for the realisation of the goals of sovereignty with a broadened economy, income redistribution and integration of the region of South America.

Clearly, that process continues even today and has not yet achieved all of the goals set out at its inception. The changes in the international situation and successive political and electoral victories of left-wing and progressive forces in Latin America have set up an unprecedented political situation that gives space for a readjustment and deepening of the integration processes. The continent is engaged in a

continuing endeavour to consolidate its 'project', with significant developments in the processes of 'solidarity' in regional integration and the momentum gained through alternatives such as ALBA, UNASUR, MERCOSUR and CELAC. It is also worth noting that Brazilian diplomacy also continued to exercise an important role as a broker in the region. Bolivia, Ecuador, Colombia and the Venezuelan tensions are some of the examples of these stabilisation actions. In an attempt to address a historic relation with Africa, Lula's Brazil lifted relations with the continent to a strategic and fundamental level, linking ethical values and national interests. The endeavour of deepening relations (and creating 'strategic partnerships') with emerging powers such as China, India, Russia and later South Africa, added to economic advantages and indicated the will to contribute towards the consolidation of a multi-polar international order.

What does Brazil confront today?

The PCdoB, an ally of the Lula's PT in government and the historic working class avant-garde of the struggle for socialism in Brazil, demands Brazil thoroughly implement its New National Development Project (NPND), to address the historic legacies of its political and socio-economic distortions. The 'structural and fundamental contradictions of Brazilian society', according to PCdoB, 'necessitate, a 'continuous struggle and work towards the Brazilian road to socialism during a difficult historic period'. It asserts that its ultimate goal was transition to socialism through the implementation of the NPND.

According to PCdoB, its programme of transition to socialism through the implementation of the NPND, with its assertion and strengthening of the Brazilian nation, democratisation of society and social progress, represents the "third great civilizational affirmative leap of the Brazilian nation... The combination and advance of the national, democratic, and peoples struggle, which complement each other, are the main condition for the preliminary transition to socialism". Notwithstanding the huge challenges

and contradictions (internal and external) that have come to plague Lula's PT, it is widely credited with initial steps towards the consolidation of the democratisation process in Brazil. 'The first origins of democratic consolidation centred on economic stability of the state', argues Sharifi. Democracy in Brazil arose in the throes of a period in the 1980s, during waves of protest against amongst others historically high levels hyperinflation, deficit of democracy and rising inequality and precariousness. In this period a growing confidence of social movements was witnessed, with agreement on a 'social pact'. This focus on democratisation, rather than revolutionary overthrow, was to play a crucial dimension in the coming years of the PT and Lula's rule.

Cosatu's 11th Congress – OUR LULA MOMENT

Presented as part of the Cosatu Political Report to congress and an analysis and assessment of the Cosatu Plan (2015), was the notion of two scenarios: (1) 'a low road', which is characterised by 'downward slide...'; and (2) 'a high road scenario: creating our Lula Moment?' as an attempt to elaborate the tasks for the organised detachment of the working class movement moving forward.

The political report asserts that, "... [I]f the notion of the second phase of the transition is to constitute a radical break with these patterns, a political reconfiguration and strategic shift will be required in relation to the democratic forces and the democratic state. This means that the structural features, which are inhibiting forward movement in the areas we have identified, need to be systematically addressed and transformed. The strategic interventions proposed by this Congress need to focus on transformation in the 3 key pillars we have identified - the movement, the state and the economy." This is particularly interesting, occurring as it were in the aftermath of (and into) a series of politically important developments, both here and abroad.

The Political Report analysis and assessment of the conjunctural challenges of the broad national liberation movement, occurs in a

'season of conferences and congresses' – the ANC Policy Conference in July 2012, 13th SACP Congress and the upcoming 53rd ANC National Conference. As the Political Report observes, the conjuncture is characterised by a multidimensional (and intersecting) crises, arguing that, "... a multiple crisis is emerging in society, which, if not addressed, has the potential to result in an organisational implosion, and social explosion, which could reverse the gains of our democracy, and prevent us from advancing the core tasks of the NDR." Though thin on detail – at least on the policy proposal front – the Congress Declaration and Political Report, and subsequent CEC elaborates on the 'high-road scenario', which would be characterised by, and feature more prominently interventionist social and economic policies, resulting in a more radical approach to dramatic poverty and inequality reductions similar to those achieved by the Lula government during his second term from 2006 to 2010. The 4th ANC Policy Conference recommendation that the 'second phase of the transition should be characterized by more radical policies and decisive action to effect thorough-going socio-economic and continued democratic transformation, as well as the renewal of the ANC, the Alliance and the broad democratic forces', set the tone for the 'high road scenario', that the Cosatu Political Report espouses.

However, there are different interpretations of the tenure of Lula da Silva, both here and abroad. The notion that South Africa today requires a Lula moment, may also be interpreted differently and potentially turn out, either to be a catalysing and rallying slogan, or hold the country ransom to some undefined moment! Therefore, it is well worth our while to attempt understand what the Lula moment means and to extrapolate key points for further elaboration.

Conclusion

What is abundantly clear in the contradictory legacy of Lula and the PT over the years is the interrelation and interconnectedness of the

issues. For example, though the Lula government honoured its World Bank (WB) commitments and others, it also provided the basis for Brazil in later years to not only extricate itself from the clutches of the WB and IMF but also to be a significant lender.

The contested legacy of Lula and his presidency will continue into the future. Therefore, the analysis and direction of struggle provided by the Lula and PT's ally in government for an alternative society to preceding periods of dabbling with neo-liberalism is critical. The PCdoB argues that the essence, goals and alliances in the current period of the struggle for socialism – transition through the full implementation of the NPND is critically important. "It has an anti-imperialist, anti-latifunda oligarchy essence, and seeks to supplant the neo-liberal phase of the culmination of parasitic and rent-seeking capital. Its programmatic foundation comprises the struggle for the nation's sovereignty and defence, democratisation of society, social progress, and in-solidarity integration of Latin America", assert the 12th Congress PCdoB documents.

Furthermore, it says, "This clarity regarding the targets allows us to configure a broad political and social front that has the workers at its core and comprises large segments of the Nation."

These assertions are not unfamiliar to left and progressive forces in South Africa. For this reason, the Lula Moment cannot be a singular frame of a continuous uneven, unpredictable continuum of struggle for an alternative. It will inherently comprise tactical considerations, dictated by the conjuncture at a domestic, regional and international level.

There is no doubt that Brazil is a unique story of a lively economic policy laboratory - which deserves our collective engagement and study! Furthermore, it shows that long held neo-liberal policy prescriptions are redundant and thus innovative approaches are emerging which prioritise social policies at appropriate levels as key elements to achieve higher levels of inclusive growth and development. ■